

January 21, 2014

The Honorable Pat Quinn  
Governor of Illinois  
James R. Thompson Center  
100 W. Randolph Street  
16<sup>th</sup> Floor  
Chicago, IL 60601

[info@hmprg.org](mailto:info@hmprg.org)

Re: Comments on Medicaid 1115 Draft Application.

Dear Governor Quinn:

On behalf of Ann & Robert H. Lurie Children's Hospital of Chicago, thank you for the opportunity to provide comments on the State of Illinois' Draft Application for a Social Security Act Section 1115 waiver of certain requirements applicable to the State's Medicaid program.

Although Lurie Children's supports the direction of the proposed waiver application, The Path to Transformation, we are concerned that combining the entire Medicaid program into one waiver, without providing the necessary detail, will diminish efforts to address the unfinished business of adequately caring for low income children. The waiver must include details about the reforms that address the needs of the pediatric Medicaid population given that 53 percent of all Medicaid recipients are children and 45 percent of all children in Illinois rely upon the Medicaid program. These children account for 24 percent of all Illinois Medicaid expenditures.

In its totality, this draft waiver focuses on adults. Lurie Children's supported the adult-focused Affordable Care Act, the Cook County waiver, and other efforts to expand medical coverage to those who could not access health care. We believe that the adult system is important, however, because the waiver has such a sweeping impact on Medicaid, we believe it must address the needs of children more explicitly.

Lurie Children's requests that the State include in the waiver specific language authorizing the State to create children's hospital networks of care for children with

medical complexities. We also request that the proposed delivery system reform incentive pool funds should support opportunities to create such networks.

Lurie Children's has four specific requests:

- 1. Physician reimbursements for pediatricians and pediatric specialists must be increased to guarantee access for children.***
- 2. The proposed waiver should authorize designated integrated care delivery networks for children with medical complexity.***
- 3. Delivery System reform incentive pool funds should be directed to hospitals that play a significant role in Medicaid, not just public hospitals.***
- 4. The waiver should provide details of the hospital access assurance program.***

Lurie Children's is the largest provider of pediatric Medicaid services in the State of Illinois. Children insured by Medicaid fill more than half of our inpatient beds.

***Physician reimbursements for pediatricians and pediatric specialists must be increased to guarantee access for children.***

As Lurie Children's documented in its comment letter on the 1115 Waiver Concept Paper, pediatricians, particularly pediatric specialists, are grossly underpaid in Illinois. Nationally, because of the reliance of children on a low paying Medicaid program, shortages of physicians serving children are a grave problem that will continue unless efforts are made to adequately reimburse doctors for Medicaid services. With the increases in federal revenue promised by the waiver, increased Medicaid reimbursement to pediatric physicians is needed to guarantee access to healthcare for children.

According to a study published in The New England Journal of Medicine in 2011, children insured by Medicaid are far more likely than those with private insurance to be turned away by medical specialists or be made to wait more than a month for an appointment, even for serious medical problems. A comprehensive study, conducted by Dr. Karin Rhodes, points to lower payments by Medicaid, delays in payment and red tape as the reason children do not have access to pediatric specialists in Cook County.

<http://www.nejm.org/doi/full/10.1056/NEJMsa1013285#t=article>

***The proposed waiver should authorize designated integrated care delivery networks for children with medical complexity. (See Attachment A.)***

Lurie Children's has led efforts to promote the development and expansion of integrated delivery systems for pediatric services for children with medical complexity (children with a CRG of 6 - 9). These children account for a disproportionately large portion of all pediatric Medicaid expenditures -- both in Illinois and nationally. There is a growing body of evidence that better coordination of their care through integrated delivery structures can improve outcomes and reduce costs. We have pioneered the development of such an integrated care model through our Uptown clinic and in collaboration with other Chicago-area community providers. We are pleased to be working with the State to expand and further validate this model through our selection as a Care Coordination Entity (CCE) pursuant to P.A. 96-1501.

Consistent with the State's efforts to create care coordination entities, you should also be aware that there is a strong and growing national movement supporting the development of integrated delivery networks for Medicaid services to children with medical complexity. Proposed federal legislation that is presently under consideration by the Senate Finance Committee and House Energy & Commerce Committee would amend Title XIX to allow states -- via a plan amendment as opposed to a waiver -- to implement, in collaboration with providers and the federal government, federally designated networks to provide comprehensive services to these medically complex children. This legislation was developed by a large group of the leading pediatric health care providers across the country and is endorsed by 11 pediatric providers in Illinois as well as the Illinois Hospital Association. We have enclosed information related to this proposal for your reference.

Integrated systems of care for children with medical complexity can ensure access to necessary services by centering networks around pediatric health systems that have the medical subspecialists and experience to support the community providers that serve as the child's medical home. Consistent with the State's CCE and ACE approaches, care in these integrated networks is initially provided on a fee-for-service basis, accompanied by a care coordination fee to the child's medical home and shared savings/shared risk methodologies are employed as a bridge to risk-based coverage.

*As stated earlier, we believe that The Path to Transformation should explicitly incorporate a request that CMS agree to allow the State of Illinois to implement broader,*

designated integrated delivery system networks for the delivery of services to children with medical complexity. We have attached language.

***Delivery System Reform incentive pool funds should be directed to hospitals that play a significant role in the Medicaid program as defined by a combination of their volume of Medicaid services and the percentage that Medicaid represents of their overall business. It should not only be targeted to public hospitals.***

The application proposes a delivery system reform incentive pool (DSRIP) to drive systemic improvement at two public institutions – the University of Illinois Hospital and Health Sciences System and Cook County Health and Hospitals System. The application further proposes a Health System Integration and Transformation Performance Program that would provide incentive payments to hospitals that meet certain yet-to-be-defined performance objectives. These incentive payment funds would be dispersed through two pools -- one for hospitals that meet State criteria as "distressed" and a second for other institutions. The funding amounts and sources for these pools are not specified in the draft waiver application.

We are very supportive of the proposal to provide funding that will drive meaningful delivery system reform, and we would like the application to clarify and expand upon the nature of the pools that will be employed. Lurie Children's plays an immense role in the delivery of pediatric Medicaid services in the State of Illinois, providing twice as many hospitalizations and five times as many outpatient visits to children insured by Medicaid than the University of Illinois Hospital and Health Sciences System and Cook County Health and Hospitals System.

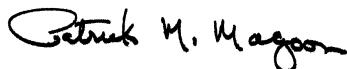
While we understand that there may be some financing rationales for limiting access to the DSRIP to public institutions, we note that many other states -- such as Texas, for example -- have allowed both public and non-public institutions to participate in DSRIP funds so that they can participate in innovative projects designed to improve outcomes and efficiency in the delivery of health care services. We request that the proposed application be modified to allow other institutions, such as Lurie Children's, that play a major role in the delivery of Medicaid services in Illinois to participate in DSRIP projects or, alternatively, that the integration and transformation section of the waiver be expanded to include specific funding for delivery system reform projects for qualifying public and non-public hospitals. **(See Attachment B)**

***Clarify the details of the hospital access assurance program.***

Lurie Children's is very supportive of the proposed inclusion of a funding source that would help institutions that currently receive hospital assessment funded supplemental payments, subject to the Medicaid Upper Payment Limit (UPL), by providing actuarially-justified support for the uncompensated care costs. Lurie Children's would be interested in seeing further detail in the application defining this proposed program.

We appreciate very much your consideration of these comments and would like to request an opportunity work with the State to include these items in the final waiver application.

Sincerely,



Patrick M. Magoon  
President and CEO

Cc: Crista Thomas  
Michael Gelder  
Director Julie Hamos  
Theresa Eagleson  
James Parker